



Small Business Alert!

If you own a small business, or you work with small business, please note:

Raising money for your business can get you into a sticky legal situation. When you raise money from friends, family members or other individuals to finance an enterprise, you may be "offering or selling a security" – an action which is governed by Montana Securities laws. These laws require certain disclosure to investors, and may require filing with the Montana Securities Department.

The Montana Securities Department is available to assist small businesses at any point they are interested in raising money. You can reach us toll-free in Montana at 1-800-332-6148.

When should you call?

- Are you asking friends and family to invest in your business ideas?**
- Have you been asked to invest in someone else's business idea?**
- Do you want to sell stock in your company? This includes stock issuances in partnerships, LLC's and corporations.**
- Do you need to raise additional funds to "grow your business"? Are you looking beyond traditional loan options?**

In offering or selling a security, you must give the proper disclosure to all potential investors. Disclosure documents are legal documents with specific standards. Providing your business plan is not sufficient! Call the Department and inquire about how to raise funds for your business in the safest, easiest and LEGAL manner.

Securities violations are easy to make and expensive to fix. You might be required to return funds to investors, pay fines to the state, and/or be prevented from raising funds for any business opportunity down the road. If you have concerns that you might have violated securities laws in the past, give us a call and we can help. A short brochure on capital formation is available by calling the Department or checking out our website at www.sao.state.us and clicking on "securities".

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